



SAVINGS THROUGH SHARING

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Highlighting Supplier Quality Information Group (SQIG) Successes and Information

A note from the Chair and Co-chairman

As we enter 1997 and reflect on past SQIG accomplishments, it is apparent that SQIG continues to demonstrate its usefulness and viability to the customer(s), even though budget and personnel cuts are a reality. Our membership is active and our database of supplier evaluations is growing. The intent of SQIG is to constantly improve processes, and to increase participation and use of SQIG services throughout DOE.

It is important as we embark on future successes to recognize the contributions, leadership and support of the following past members of SQIG: Michael Chestnut, past Chairman, Pat Mars, past Secretary, Alex Demers, Jim DeMarre, and Andrew Kiriluk, all former Directors.

News from Bechtel Nevada - Contractors share supplier data, save money

If you were building an addition to your home, you would expect the contractor to use the highest-quality and most durable parts and materials available. In the long run, you know it would save you time, money, and inconvenience, plus it would reduce the safety and health risks to your family members. DOE feels the same way about its contractors. It expects they will use the best-quality parts, materials, and services available in their work, so as not to sacrifice taxpayer dollars, time, technical accuracy, regulatory compliance, and the health and safety of workers. For the last five years, a group of DOE contractors from around the country has operated the Supplier Quality Information Group, or SQIG

(pronounced "skwig"), to help assure DOE of the quality of the components and services they use in completing their work—and to save money by sharing information throughout the DOE complex. In the past, DOE/NV's contractors have actively participated in SQIG, and Bechtel Nevada and IT Corporation now are continuing that tradition.

"The DOE contractors specifically formed SQIG to lower the costs associated with a supplier qualification audits," said Jim DeMarre, a former senior engineer and SQIG representative for Bechtel Nevada. "By sharing information throughout the contractor community, we can help some organizations avoid the travel and labor costs of an audit by accepting the audit results of another contractor."

"It makes a lot of sense," added Steve Mergenmeier, SQIG representative for IT Corporation. "Everybody has to buy things, and a lot of the time, people are buying the same types of things. So why not share information on those suppliers who are

providing the things we all have to buy?"

SQIG members representing 13 different contractors and national laboratories meet to discuss audit methods and standards, analyze and respond to issues confronting the DOE quality community, and improve upon information-sharing techniques. Bechtel Nevada has graciously hosted the last three meetings, the most recent being February 1997. DOE Order 5700.6C mandates that "prospective suppliers shall be evaluated and selected on the basis of specified criteria." This in turn requires contractors to make sure that suppliers of certain critical items and services follow an approved quality assurance program. When they perform supplier qualification audits, the contractors examine business practices such as personnel training and certification, quality improvement, documentation and record-keeping, and inspection and acceptance testing.

"Supplier qualification is required by DOE, but it also makes good business sense," said Pat Mars, a former, Bechtel Nevada performance engineer and SQIG representative. "Qualifying certain suppliers can help us avoid problems like suspect and counterfeit materials. Because of liability issues, we

would be responsible if something went wrong with one of our service suppliers; for example, a waste management facility. We want to make sure we are sending our waste to a facility that will handle it properly so we don't have to pay penalties or fines, and supplier qualification helps us do that."

Supplier qualification audits are required only for vendors, suppliers, and subcontractors that provide certain critical materials and services. These include custom-engineered items, printed-circuit boards, analytical laboratory services, aircraft maintenance services and supplies, and calibration services.

Since it formed in 1991, SQIG has saved contractors (and therefore DOE and the taxpayers) a little over \$456,000. Each time a contractor shares supplier information rather than conducting a full-blown audit, that contractor can expect to save an average of \$3,100. "At Bechtel Nevada, we do 70 to 80 [supplier] approvals a year, but last year we only had to take 20 trips to conduct audits," Mars noted. "By sharing information from the SQIG database, we have been able to focus our audits more, which cuts time, effort, and dollars from the process." "Those of us in DOE who oversee procurements seem to be pretty supportive of

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SQIG's efforts," said Roy Capshaw, a general engineer responsible for quality assurance programs at DOE/NV. "It appears that it will be able to help us achieve our goal, which is to get what we pay for. SQIG will simplify to a great degree the qualification of suppliers, where necessary, and DOE support for that definitely is in place."

News from the FLUOR DANIEL Company P-Card Procurement Liability

Where as normal procurement (i.e., Purchase Requisition and Terms and Conditions) passes on requirements to the supplier, Fluor Daniel Hanford Company Quality Assurance, Legal and Nuclear Regulatory Compliance organizations determined that a P-Card procurement does not. As a result, the liability stays with the buyer. This puts the site and employee at risk. This is of particular concern to sites who must comply with 10 CFR 830.120.

To correct this, letters were sent to all potential suppliers.

The letter was a subset of the traditional Terms and Conditions. Suppliers who sign and return the letters are put on an approved list for P-Card procurements.

In addition to the letter to the suppliers, specific instructions for the P-Card holders were put in the User Guide. These include the following:

- Record item(s) description and Quality Assurance requirements on an acceptable transaction document (e.g., purchase requisition).
- Obtain appropriate signatures on acceptable transaction document and, where appropriate, set up quality control inspection plan.
- Select Supplier from the P-Card Preferred Supplier Listing (Hanford Information).
- FAX or take copy of transaction document to Supplier for confirmation of order (your internal transaction number must be on the document).
- Order the required item(s) from the Supplier using your P-Card, and assure that the Supplier plans to comply with all P-Card delivery and marking requirements, as well as the General Provisions Agreement for P-Card Purchases.
- Ensure proper inspection is performed when delivered.

AUDIT SCHEDULING AND SELECTION GROUP (ASSG) COMPLETES MISSION !!

At the September 17-19, 1996 meeting, the remaining members of the ASSG team met and reviewed the team's progress to date. A review of the existing action plan was performed. It was determined that no further actions are necessary and that no carry-over issues remain. The team unanimously agreed that the group's mission has essentially been accomplished by the team to date. With the Internet tools currently available, scheduling audits, even joint audits, can easily be accomplished in real time by any interested SQIG member. This feature makes a central coordination effort much less relevant than before. The team presented their conclusion to the general SQIG membership. The membership elected to disband the team and assign the former ASSG members to new tasks.

Special thanks go to Andy Kiriluk, Chairman and leader of the ASSG team as well as

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former team members Chris Arana, Mike Chestnut, Jim DeMarre, Susan Hoskins, Bob Rinderman, and Chuck Taylor. Congratulations on a job well done!

News item from Jay Berch of West Valley

West Valley Nuclear Services (WVNS) vitrification operations (glass-making) has been producing solidified high level radioactive glass waste since July 1996, and over 70 canisters have been filled, sealed, and placed in an interim storage building on-site. This is approximately 25% of the estimated total from the slurry contained in an underground storage tank. The slurry was created from the reprocessing of commercial nuclear fuel by the Nuclear Fuel Services division of Getty Oil, which operated from 1966 to 1972.

WVNS has been supporting a DOE-OH Field Office initiative involving the analytical environmental services suppliers used by the 3 major site contractors in its jurisdiction (Fermco, Mound, and WVNS). A pilot program is underway to jointly conduct annual audits and pre-award surveys of these type suppliers, led by a DOE lead

auditor, in order to minimize the number of audits/surveys at a supplier, and related expenses.

The joint audit/survey would include all requirements of the 3 contractors.

CHARTER DOE CONTRACTOR'S SUPPLIER INFORMATION GROUP (SQIG)

The SQIG Charter was reviewed by the M&O representatives and it was affirmed by all that it needed to be revised to reflect the actual process in place today. The following is a revised version of the Charter.

I. PURPOSE

The purpose of the United States Department of Energy (DOE) Contractors Supplier Quality Information Group (SQIG) is to lower stakeholder costs and promote excellence in all aspects of supplier quality activities. To achieve these objectives, SQIG will define standard member responsibilities for performing supplier evaluations and sharing supplier evaluation information. The primary objectives of the SQIG are to

a) minimize the duplication of efforts among contractors, b) effectively reduce supplier evaluation costs, c) develop a supplier base of commonly used items, materials, and services, and d) establish a forum for networking suspect/counterfeit notification, e) relieve suppliers of redundant audits, f) promote supplier partnerships and other procurement issues. This charter also establishes the organizational structure of SQIG.

II. ORGANIZATION

A. The Supplier Quality Information Group is open to DOE and their contractors or representatives. Participation is voluntary. Membership is constituted by commitment to the policies and requirements defined in this charter as signified by signature of a Memorandum of Understanding (MOU).
B. Each member shall have one vote on all issues brought before the membership. All issues brought to a vote, except for revisions to the Charter, shall be decided by a majority vote of the membership is attendance. Revisions to the Charter shall be approved by a two-thirds majority of the membership.
C. The SQIG will be governed by a steering committee that consists of a Chairman, Co-Chairman,

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Secretary, four directors, and a Database Administrator. These positions will be elected annually by majority vote of the membership in attendance. Should any member of the steering committee resign, the position can be filled by an ad hoc election of the membership, or an election at the next membership meeting.
SQIG Organization:
SQIG Chairman and Database Administrator - Steven Stein, Brookhaven National Laboratory, 516-344-5694, Fax 516-344-7981, stein1@bnl.gov
SQIG Co-Chairman - Don C. Reagan, Lockheed Martin Energy Research, 423-574-9505, Fax 423-241-4645, dr8@ornl.gov
SQIG Secretary - Ronald Natali, Lawrence Livermore National Laboratory, 510-422, 9105, natali1@llnl.gov
SQIG Steering Committee - Christopher Arana, SNL, carana@sandia.gov; Forrest A. Cannon, LMES, cannonfa@ornl.gov; Orville Paul, paul3@llnl.gov; Dave Torczon, dave.torczon@rfets.gov and Lily Reese, LANL, reese_lily_s@lanl.gov
Host Server - Los Alamos National Laboratory, www@lanl.gov
System Development - Jack A. McKinnon, Jr., jackm@macives.com

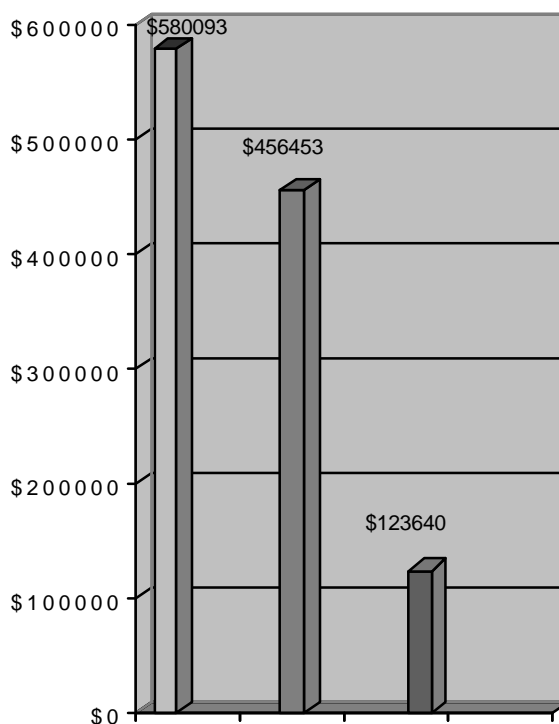
5 SQIG Working Groups

- Analytical Work Group
Leader - William Kelly
Establishing a common, coordinated approach to Analytical Laboratories/ Transportation, Storage and Disposal Facility evaluations
- Standardization
Leader - Herb Richardson
Improving standardization of supplier evaluation practices
- Database Group
Leader - Steve Stein
Working to improve the utility of the SQIG database
- Membership/Marketing/ Communications Group
Leaders - Don Reagan & Steve Stein
Develop membership/ marketing to include geographical audits, interfacing with DOE, and prioritizing on customers needs
- Charter
- Self Assessment
- DOE Support & Endorsement
- Newsletter Group
Leader - Lily Reese
Working to keep SQIG members informed of on going and upcoming events

Savings Through Sharing SQIG UTILIZATION DATA

SQIG Utilization Data

Cummulative Program Totals
(4th Quarter 1993 to 3rd Quarter 1996)



Savings Per 187 Shared Report: \$3102

■ Reported Cost Savings ■ Net Program Savings ■ Reported Costs

New SQIG Database Program

A revised database program was introduced at the September, 1996 meeting. The user interface was completely redesigned and now provides a view of all completed and scheduled evaluations for a supplier on one screen. A variety of other enhancements have been incorporated, such as custom reports and pull down lists of suppliers or contractor and M&O representatives. The installation disks are available, via the internet; contact Steven Stein for details.

Hammer Award Application

SQIG was encouraged to pursue the Hammer Award by Nancy Weidenfeller, Head of DOE Office of Quality Management. SQIG would receive recognition for its efforts and add credibility to its efforts. Tony Cannon, is heading up this effort.

Up coming events

The next meeting will be held at the Bechtel Nevada complex. Dates for these meetings are August 19-21. Working groups will meet on the 19th and the general meeting will be on the 20th and the working groups will meet again on the 21st and we will hold a general training session on that day for new members and those that feel they need a refresher.

Prior to the next meeting, working groups are requested to please have an agenda either posted on the list-server or e-mail to your working group members. Please provide Ron Natali with a copy of your agenda so it can be included with the agenda for the general meeting.

Please remember working groups, if you finish your task early, you can distribute your information to SQIG members on the list-server.